

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**In re:** : **Chapter 11**  
:   
**SEARS HOLDINGS CORPORATION, et al.,** : **Case No. 18-23538 (RDD)**  
:   
**Debtors.**<sup>1</sup> : **(Jointly Administered)**  
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**FIRST SUPPLEMENTAL DECLARATION OF  
PAULINE K. MORGAN IN SUPPORT OF DEBTORS' APPLICATION  
FOR AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF  
YOUNG CONAWAY STARGATT & TAYLOR, LLP AS CONFLICTS COUNSEL  
FOR THE DEBTORS AND DEBTORS IN POSSESSION,  
NUNC PRO TUNC TO THE PETITION DATE**

PAULINE K. MORGAN makes this supplemental declaration under 28 U.S.C. § 1746:

1. I am a partner in the firm Young Conaway Stargatt & Taylor, LLP (“**Young Conaway**” or the “**Firm**”), which has offices located at Rockefeller Center, 1270 Avenue of the Americas, Suite 2210, New York, New York 10020 and additional offices located in the state of Delaware. I submit this supplemental declaration (the “**Supplemental Declaration**”) in support of the *Debtors’ Application for an Order Authorizing the Retention and Employment of Young*

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); and Sears Brands Management Corporation (5365). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

*Conaway Stargatt & Taylor LLP as Conflicts Counsel for the Debtors and Debtors in Possession*, Nunc Pro Tunc to the Petition Date [Docket No. 419] (the “**Application**”).<sup>2</sup> The Application was accompanied by a declaration (the “**Initial Declaration**”), sworn to and executed by me, containing disclosures and representations under section 327(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016.

2. Neither I, Young Conaway, nor any partner, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the above-captioned Debtors, their creditors, or any other parties in interest, and the United States Trustee or any person employed in the office of the United States Trustee, except as stated in the Initial Declaration or this Supplemental Declaration.

3. As stated in the Initial Declaration, Young Conaway conducted a series of searches in the firm’s conflicts databases to identify relationships with the Debtors, their lenders, equity holders, and various other parties in interest in these cases (collectively, the “**Interested Parties**”). Given the sheer number of the Interested Parties, Young Conaway’s review was ongoing as of the date of the Initial Declaration, and such review remains ongoing. This Supplemental Declaration discloses additional relationships of Young Conaway that have come to my attention since the Initial Declaration was filed. As demonstrated herein, Young Conaway remains disinterested within the meaning of section 101(14) of the Bankruptcy Code, and neither holds nor represents any interest adverse to the Debtors other than as described below:

(a) Young Conaway currently represents (and may in the past have represented)<sup>3</sup> the following Interested Parties or parties who may be affiliated with such

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<sup>2</sup> Capitalized terms used, but not otherwise defined herein, have the meaning ascribed to them in the Application.

<sup>3</sup> As used herein, the term “currently” means an entity listed as a client, or related to a client, in Young Conaway’s conflicts search system where that matter was reported as open. However, in some instances, the matter has concluded but is not yet reported as closed in the Firm’s conflicts search system. As used herein, the term “in the past” means any entity listed as a client, or related to a client, on the Young Conaway conflicts search system where a matter existed but is reported as having been closed within the last two years. Whether

Interested Parties in matters that are wholly unrelated to the Debtors or the Chapter 11 Cases:

- Abbott Laboratories
- AK Steel Corporation
- Algoma Door, Inc.
- American Honda Motor Co., Inc.
- American Optical Corporation
- Barnes, Brenda
- British Petroleum
- Brooks, Jack A.
- Catalyst Paper
- Cellco Partnership
- Clorox Company of Puerto Rico
- Color Spot Nurseries Inc.
- Compucom Systems
- Crystal River Mall Realty Management, LLC.
- Cummins
- Cushman & Wakefield Inc.
- Davis, Michael
- Docusign Inc.
- Eaton Corporation-830991832
- Edgewell Personal Care PR Inc.
- Emerson Electric Company
- Enterprise Holdings, Inc.
- Exide Technologies
- Faegre Baker Daniels LLP 2200
- Fastenal
- Fila USA Inc.
- FPC Corporation
- Friedman, Allen
- Gannett
- Garcia, Rafael
- Gatehouse Media
- Getty Images Inc.
- Greenberg Traurig
- Hanley Wood Media Inc.
- Hewitt Associates
- Hines Growers Inc.
- Hireright
- Honeywell International, Inc.
- Huawei Enterprise USA-78518830
- Jardel Company, Inc.

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an actual client relationship exists can only be determined by reference to the documents governing Young Conaway's representation rather than its potential listing in Young Conaway's conflicts search system. The list above may be over-inclusive for disclosure purposes.

- JP Morgan Chase & Co.
- Kimble, Jean E.
- Kimble, William, Jr.
- LG Electronics
- Local Media Group
- Maurice Sporting Goods Inc.
- Maxpoint Interactive Inc.
- Moore Medical
- Morgan Lewis & Bockius
- Morrison & Foerster
- Natrol LLC
- Praxair
- Randa Accessories Leather Good
- Thomas, James, Jr.

(b) Young Conaway may have in the past represented the following Interested Parties or parties who may be affiliated with such Interested Parties in matters that are wholly unrelated to the Debtors or the Chapter 11 Cases:

- Coca-Cola
- KFC Corporation
- Sawicki, Henry, Estate of
- Deloitte
- Ernst & Young
- Mattel Brands A Div of MDII
- Oracle America
- Our Alchemy LLC
- Pennysaver
- Quad Graphics
- Reckitt Benckiser LLC
- Reed Smith
- AMCB Rhode Island Mall Owner LLC
- Amerigas
- Carter, Robert C.
- Davis, Joseph
- Facebook
- Fisher-Price
- Hershey Chocolate Company

4. Young Conaway will supplement its disclosures with respect to the Interested Parties as it continues to finalize its review of the initial list of Interested Parties, as any additional Interested Parties are identified to it, or as may otherwise be warranted.

5. In addition, the following is provided in response to a request for additional information responsive to Paragraph D.1 of the *U.S. Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Fees Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases*, effective as of November 1, 2013 (the “**Fee Guidelines**”):

**Question: Has your client approved your prospective budget and staffing plan, and, if so, for what budget period?**

Response: Prior to filing its first interim fee application, Young Conaway shall develop and review a budget and staffing plan with the Restructuring Sub-Committee, consistent with the Fee Guidelines.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: November 12, 2018

/s/ Pauline K. Morgan  
Pauline K. Morgan